

NRI Report No: 2735
NRI Project No: V0135

FACTORS AFFECTING INVOLVEMENT IN THE NON-FARM ECONOMY IN VILLAGES IN ARMENIA

June 2002

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This document is an output from a project funded by the UK Department for International Development (DFID) and the Worldbank for the benefit of developing countries. The views expressed are not necessarily those of DFID or the Worldbank



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Introduction

This paper is based on data collected through fieldwork carried out in Armenia in 2001, part of the baseline data collection for a wider project on non-farm economic activities in Central and Eastern Europe and the CIS countries which covered Romania, Armenia and Georgia. Fieldwork was carried out in three villages, chosen to be as representative as possible of variables affecting Armenian villages, particularly in relation to access to non-farm activities. These villages are Hayanist in Ararat marz, Shamiram in Aragatsotn marz and Verishen in Syunik marz

The Republic of Armenia covers 29,743 square km. It borders Georgia in the north, Azerbaijan in the east, Turkey in the west and southwest and Iran in the south. In the north, it has economic relations by land only with Georgia at present; it is blockaded by Azerbaijan and Turkey. In the south, Armenia has road links with Iran. It is a mountainous country: 39% of its rural population lives up to 1300 metres above sea level, 26% live between 1301 and 1700 metres above sea level and 35% live more between 1701 and 2100 metres above sea level. While some areas were agriculturally and industrially developed during the Soviet period, other areas, particularly more mountainous ones, remained undeveloped and were largely pastoral. However, there was generally a high level of prosperity in Armenia in Soviet times, expressed in the building of large, often two-storied houses with large rooms, contrasting with older, smaller houses.

There have been profound and traumatic social and economic changes over the last ten years. The earthquake of 1988 took place in the same year as an influx of refugees, both from Azerbaijan and within Armenia from areas near the border² as a consequence of the armed conflict between the two countries. There has, in addition, been a blockade imposed on Armenia by Turkey and Azerbaijan and an energy crisis

To these problems were added the deep-reaching effects of the economic reforms which started after the independence of Armenia, resulting in the privatization in 1991 of land, livestock and agricultural machinery. During the following ten years the traditional economic orientation of Armenia collapsed. A significant part of the population was not psychologically prepared for these changes and was excluded from the new economic processes, and many of these left the country. The structure, sex-age composition, even the cultural shape of the population in general, and of the rural population in particular, was significantly changed.

The new economic system gave new meaning to the terms 'employee', 'employer' and 'unemployment'. Very soon a small group of people came to own the means of production and controlled the economy. This was in contrast to the quantitative majority of the population,

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² Project of Priority Problems of Border-line and Highly-mountainous settlements, Yerevan, 1999

which had no such control and owned very little³. The gap between the income of the 20% of the population with the highest income and the 20% with the lowest is enormous, with the former earning 32.2 times more than the latter, which obviously proves the sharp polarization of society⁴. Based on a poverty line of \$13 per day, more than a half of the population of Armenia is living in poverty. Poverty increases away from towns and in mountainous areas, as can be seen in the following table⁵:

	up to 1300 meters above the sea level	1300-1700 meters	1701 and higher	Total
Poor	42.35	54.93	57.99	50.76
Of which Poorest	16.37	24.86	28.28	22.56

There is very little cash in circulation in villages in Armenia nowadays. Much of the agricultural produce which is not consumed is bartered rather than sold for cash. What cash there is derives from remittances from relatives working abroad or comes as pensions or child benefit. This is not so true in Ararat marz, because here it is possible to sell produce to Yerevan, both for consumption fresh and for processing. In Ararat marz there are still some processing factories, for example making cognac and processing tomatoes.

Because of the lack of cash in circulation, it is very difficult for local authorities or the central government to collect taxes. Some taxes are collected in kind; for example in Verishen village, one of the study villages, the mayor is able to sell potatoes and beans collected from villagers to the military camp nearby.

Large numbers of people have emigrated from Armenia in the last ten years, mainly to Russia. This is true both of manual workers and of professionals. In one of the study villages, an informant said: *"In the past all (the professionals in our village) were from our village. Nowadays, all the professionals have gone to Russia because of the low wages here."* It is mainly young people who have emigrated, and mainly men.

The study villages

In Armenia, one village was selected in each of three marzes of Armenia: Hayanist village in Ararat marz, Shamiram village in Aragatsotn marz and Verishen village in Syunik marz. Ararat is one of the most densely populated rural marzes of Armenia. In 2000 it produced 5,6% of total GDP, reaching 12.7% of GDP in the agricultural sphere, 1.6% in retail sales and 2.8% in services. Aragatsotn marz, by contrast, produced just 1.3% of total GDP, reaching just 6.1% in agriculture, 1.0% in retail turnover, and 1,1 % in services. Syunik marz, the third marz in which a village was selected for study, is a heavily agricultural marz. It produced only 7,3% of the National GDP in 2000, but in agriculture it produced 12.4% of GDP, reaching just 1.2% in retail turnover and 1.7% in services⁶.

Ararat marz was selected because it is the closest to Yerevan, thus reflecting the opportunities which this proximity offers. It is low-lying, contrasting with much of Armenia, which is mountainous. Finally, it is one of the marzes selected for the quantitative, questionnaire-based part of the broader research project of which this forms a part. Within Ararat, Hayanist village was selected because it lies at a crossroads, thus giving it the maximum opportunity for access to

³ Tadevosyan A., Picture of the Social Stratification and Poverty Formation in Armenia in 1991-1997, Yerevan, 1998, Kharatyan H. Poverty and Democracy in Armenia, Yerevan- 2000, Stories about Poverty (Editor- H. Kharatyan), Yerevan 2001

⁴ Social Picture of the Republic of Armenia and Poverty, National Statistical Service of RA, Yerevan, 2001, page 13

⁵ Ibid, page 46

⁶ Ibid, page 46

non-farm activities; because it has a high percentage of refugees from Azerbaijan; and because there is a high level of emigration from the village. In order to study the way in which refugees interact with the local population, a neighbouring village, Hovtashat, was also studied.

Shamiram Village in Aragatsotn Marz was selected because it is populated by Yezedis, a distinct ethnic and religious minority within Armenia, whose involvement in the non-farm rural economy may well be very different from that of the main Armenian population. The Yezedis are pastoralists living in a mountainous and economically undeveloped area and selecting this village therefore allowed us to observe the involvement of mountain pastoralists in the non-farm economy.

The third marz in the study, Syunik Marz, was selected because it is now, and was even more before 1990, an economically developed marz. It has both a high proportion of urban residents and also a high level of agricultural production for sale. The village selected, Verishen, is close to Goris, which used to be a manufacturing centre where many of the inhabitants of the village worked until the early 1990s. The village has a shortage of land, meaning that there is a particularly strong impetus towards involvement in non-farm activities.

The field research in Armenia was conducted by three ethnologists (H. Kharatyan, H. Pikichyan and G. Shagoyan) by means of pre-prepared questionnaires, in-depth, family, and group interviews, focus groups, and participant observation. Thirty-nine interviews were conducted, including thirteen in Hayanist, three in neighboring Hovtashat, eight in Shamiram and fifteen in Verishen. Three focus groups were convened, one in each village. Interviews were conducted with individuals engaged in non-farm occupations of all kinds, with individuals engaged primarily or solely in farming, with village municipal government staff and with individuals with family members working abroad, in Russia.

Farming in Soviet times and now

In the Soviet period, all land except that immediately around the house ('homestead land') was cultivated as part of a collective or state farm, and villagers were employed for a wage either on these farms or, where these were accessible, at factories. Processing of agricultural produce, particularly fruit and grapes for wine, was an important non-farm activity, but was under State control, providing employment for many villagers. There was a significant industrial presence in agricultural areas.

For subsistence purposes, households had enough homestead land – usually at least 1000 square metres – to enable them to provide a good proportion of the food which they ate, and thus they remained peasant farmers to some extent, in that they produced for subsistence. However they sold little of what they produced on this land, and did not involve themselves in any long-distance or large-scale marketing of agricultural produce. There was very little opportunity for individual entrepreneurs to develop.

All land, gardens, livestock and agricultural machinery was privatized by law in 1991. Farms now average 1.4 ha of land, from which 1.07 ha is arable land⁷. The principles by which privatization was implemented resulted in unequal distribution of land both between villages and within villages. Villages were associated with different state and collective farms, with different amounts of land of different quality, and therefore their inhabitants received different amounts of land and of different quality. Some villages, whose inhabitants were not employed on state or collective farms, did not receive any land at all (e.g. the inhabitants of Torfavan village in the Vardenis region of Gegharkunik Marz, who worked in nearby *torfe* mines which are now closed). Internally displaced people also did not receive any land. Inequality also resulted from the principle that newly formed cooperatives would have preference in the distribution of land. Such cooperatives

⁷ Main Direction of Development of the Agricultural branch of RA in 2002, data of the Ministry of Agriculture of RA

did not last long, however; while in 1991 there were 148.3 thousand household farms and 24.204 collective farms in 1991, in 1997 there were 319.3 thousand household farms and 373 collective farms⁸. Households which had formed part of a cooperative at the time of privatization were advantaged in the distribution of land. Finally, in the interest of social justice land was divided into different categories according to its quality; however, a lottery was held to divide it and this meant that some households received better land than others.

Theoretically, all rural inhabitants have employment – as self-employed people on their own land. However the reality is different. Most rural households are almost entirely subsistence-production oriented, and many cultivate only the land immediately around their houses, and not the privatized land previously belonging to state and collective farms which they have been allocated. They are oriented towards producing what they need themselves with a small surplus for sale or barter. The privatized and distributed land is seen as a burden; this is expressed in the saying “*It was not the land that was given to the villager but the villager who was given to the land*”.

When land was privatized, not all of it was distributed, and not all of those who were entitled to receive it accepted it, because accepting it meant paying tax on it. Another reason for some land not being distributed was that there was the intention on the part of the authorities to keep some land as a reserve - the so-called “state fund lands.” In 1997, with the formation of regional administrations (Marzpetarans), they took over the rights over these lands.

The reasons for this non-cultivation of privatized, distributed land are multiple:

1. Privatized land, although often the best land in the area, was often, in the Soviet era, irrigated, and the irrigation system has collapsed. In many areas, there is also a shortage of water due to illegal wood-cutting on the part of those who have no other way of making a living⁹.
2. There is no cash for the initial investment necessary to cultivate land with crops for sale, which are often high-investment crops. Those who did have bank savings lost them because rampant inflation took place immediately after privatization of land. No credit has been available for investment in agriculture.
3. There is a serious shortage of agricultural machinery, which is becoming old and unusable and cannot be replaced due to lack of capital.
4. Diesel for machines, seeds, organic and inorganic fertilizer and pesticides, all used in the Soviet era on land used for crops for sale, are all too expensive for villagers to be able to buy them¹⁰.
5. Out-migration from villages has meant that there is a shortage of labour to cultivate land which is not homestead land. Traditionally, women work near the house, and are responsible for homestead land, while men work further away from the house, and worked as labourers in state and collective farms. Now that these have been privatized, men are responsible for working on the land which the household has received. However, many men now migrate seasonally, so that there is a shortage of labour to cultivate that land.
6. There are very limited opportunities for marketing crops, and so there is little point in cultivating privatized land in order to produce for the market to any significant degree. Most villagers sell small surpluses locally or in town, but the prices they get are very low since those who buy can afford very little, since they are themselves have very little cash. There is now, by contrast to the situation in Soviet times, no export market for Armenian produce, and within the country there is a very limited road infrastructure and imported goods often compete with locally produced agricultural produce, to the disadvantage of the latter. Storage of processed agricultural produce, such as wine, has become a serious problem, and

⁸ M. Gabrielyan, Contemporary Rural Population of Armenia, Yerevan 2001, page 36

⁹ H. Kharatyan, Usage of Natural resources in Armenia, Report on the survey conducted for the World Bank, 2000

¹⁰ Main Direction of Development of the Agricultural branch of RA in 2002, data of the Ministry of Agriculture of RA

impedes its marketing. Only in the vicinity of large towns and cities is there any significant opportunity to market produce.

The consequence of the lack of cultivation of a large proportion of land – whether distributed and owned by individuals or not – is that many of the orchards and fruit-gardens which existed in Soviet times have died or has become pasture. There is a general process of degradation of cultivated land underway¹¹.

While in Soviet times the pastoral economy was an important economic activity, with transhumance organized through collective farms. Nowadays, however, it has collapsed. At the time of privatization there was a rumour that ownership of cattle would be heavily taxed and people did not take up the opportunity of being allocated cattle from collectives. Most were taken by mayors, ex-heads of collective farms and newly formed cooperatives, and were later slaughtered for meat. Now there are very few large herds of more than 30. Most households have 2 or 3 cows for milk if they have any at all; many have no animals at all.

Non-Farm Activities in Armenian villages in Soviet times and now

During the Soviet period independent non-farm activities were much reduced and where they did take place this was on an illegal or semi-legal basis. Specialists with an older tradition of independent crafts such as construction and artisan work mainly worked abroad. The State took over organisation of all employment in the village, opening numerous factories and enterprises in village which provided employment for large numbers of people. In some villages as many as 200 people had jobs in such enterprises. In addition the State provided employment in education, the health service and administration, and in service sectors including restaurants, hairdressers, kiosks and shops. There were no private entities of this kind during Soviet times.

The loss of non-farm employment provided by the State, and of employment in collective and state farms, has been disastrous for household livelihoods. As discussed above, while they have received privatized land from collective and state farms which have been broken up, households are very often unable to cultivate this land or to derive much of an income from it. Due to the length of the Soviet period, no individuals remain in villages who have experience of organizing non-farm activities independently from before that period.

There has been a huge shift of the burden of sustaining livelihoods on to subsistence farming, since there is no other way of generating a household livelihood. This is not just true in villages. Many urban dwellers have taken up land in their home villages and rely on farming, although they are generally not well integrated into rural life on a social level¹². Some now live in villages; others remain in town but practice farming nearby. Thus, in Armenian towns about 10% of those classed as 'self-employed' are said to be engaged in "agriculture, forestry, hunting and fishing"¹³.

Kin and ethnic networks and those based on Soviet-era positions, are very important in determining whether a household has access to non-farm activities, particularly those which are high status.

Locals have been able, more than refugees, to involve themselves in what non-farm activities there are available, due to the better networks which they possess. Ethnic Armenian refugees from Azerbaijan, like the inhabitants of Hayanist, one of the study villages, have been re-located

¹¹ Materials of the Conference on Soils in Central European Countries, New Independent States, Central Asian Countries and in Mongolia, Prague-Czech Republic, 26-29 August 2000 /Armenia, pg 8-15/.

¹² Poverty of Vulnerable Groups in Armenia, Yerevan 1999

¹³ Social Picture of the Republic of Armenia and Poverty, National Statistical Service of RA, Yerevan, 2001, page 40

in villages previously populated by Azerbaijanis, mostly in Gegharkunik, Vayots Dzor and Ararat marzes. They find themselves unable to become involved in non-farm activities, since these are monopolized by locals living in neighbouring villages, who have better social networks. One refugee explained the situation as follows: *“The masters here are local people. Who would allow refugees more power?”*

Most Yezedis, like those living in one of the study villages, Shamiram, also lack the networks outside their own ethnic group which would enable them to take up opportunities outside farming. They now rely almost entirely on subsistence farming to generate household livelihoods.

Households which have benefitted most from the privatization of previously State-owned enterprises have generally been those which have members who, in the Soviet era, had jobs as managers or administrative staff - *“nomenklatura”* (officers) – of those State-owned enterprises. In the post-Soviet era, it is these individuals who usually continue to run those enterprises which are still functioning. Such individuals and their households have good networks which they can utilize to get inputs and to sell outputs. They have also benefitted the most from projects implemented by international organisations. Thus, the rest of the population of the villages studied firmly believe that new opportunities are for those who already have power and influence, not for ordinary people. One informant said: *“The train is gone. Those who could do something already did. Others can do nothing. Now it is clear who the masters are. Will they ever allow other people to take over?”*

Those individuals – mainly young men – who have an entrepreneurial flair and do not have well-developed pre-existing social networks emigrate, mostly to Russia. Their remittances are very significant for the livelihoods of their families at home in the village. They may also return to the village eventually to live comfortably on what they have earned. But they are unlikely to invest their money in opening an enterprise; one informant said, when asked if this was likely: *“I don’t think so, because things get worse and worse here, without any prospects of their getting better. I am not talking just about Shamiram [the village from which the respondent comes], but about Armenia as a whole.”*

Types of Non-Farm Activity nowadays in the villages studied

Non-farm activities in Armenian villages nowadays are severely limited by the lack of resources on the part of villagers, which means that they cannot afford to pay for goods and services. As informants described for Verishen, one of the study villages, many goods and services are provided, through kin networks, free of charge, on credit or very cheap. In effect, they are bartered in exchange for goodwill and the possibility of the provision of other services in the future from other kin.

Where there is an urban market nearby, as there is for the inhabitants of Hayanist in Ararat marz, near Yerevan, one of the study villages, many households try to sell small quantities of surplus agricultural produce, and of processed agricultural produce (such as milk products) to the urban market, either taking it themselves to the town or selling it to middlemen. Although this represents only a very tiny cash income, it can be quite significant for households which have no cash at all.

Most villagers, when they think of setting up a livelihood activity outside subsistence farming and which does not involve being employed by someone else either regularly or casually, think of setting up a shop. It is only those with very good social networks who are able to look higher than this. However, there are very serious problems in successfully setting up a shop. The biggest is the absence of cash. Shop-owners have to put up with long-standing debts – which they often have to write off where relatives are concerned. Since shop-owners try to avoid barter, what is resorted to is the loan of goods; some shops have three or four year old lists of households which have lent them goods, never redeemed. Thus, shop-owners often go bankrupt; seven people with shops have gone bankrupt in Verishen since 1993. One informant

said: *“Four years ago I opened a shop on the first floor of my house. I spent US\$2000. Our villagers all know each other and are relatives. They would borrow food and other goods without paying their debts on time. All my goods were lost through these debts. I was forced to close the shop in a year. Even now I have some old debts still to be returned.”*

Generally non-farm activities in Armenian villages, including in the three villages studied, can be categorized into the following groups, according to the level of “prestige” which they have in the perception of local people (those of the highest status are listed first). Industrial, service and trade entrepreneurship are both more profitable and are considered more prestigious than other non-farm activities; but ‘state-budget’ work is considered to be the most ‘honourable’.

- Industrial enterprises (e.g. bakeries, mills, furniture-making factories, cheese-producing factories)
- Tradesmen/vendors (especially shops and small kiosks)
- Services (e.g. restaurants, petrol-stations, car repairing services, hairdressers, shoe-makers)
- Transport services
- Work in a state institution or in local government – so-called ‘state-budget work’ (teachers, medical services, administration, electricity stations, post-offices, workers, cleaners etc.) in all three villages
- Artisan or applied-arts works (constructors, dress-makers, carpet-makers, wood and stone carvers, video operators (for weddings and parties)
- Contractual work for a private employer (vendor in a shop, waiter/waitress, driver, baker, worker etc)
- Occasional, daily workers, employed to do manual labour such as digging a pit, moving something from one place to another

Male and female involvement in non-farm activities

More men than women are involved in non-farm activities in Armenian villages at present. Although women are undoubtedly involved in much of the barter and small-scale sale of surplus agricultural produce, this is relatively invisible. It is much more likely that the male members of a household will be involved in visible types of non-farm activity. Where women are involved in non-farm activities at a more visible level, this is usually on a contractual basis, working for others, rather than as entrepreneurs – although there was an exception in Hayanist, one of the study villages, where there is a shop run by a woman.

In all three villages studied individual businessmen are mainly men, while administrative and state-budget employees and to some extent those who work on a contractual basis for an individual employer are women. It is mainly men who are involved in handicrafts, applied arts and occasional labouring jobs. Thus, women are engaged in occupations which are medium-status, while men are involved in high and low status occupations.

This pattern fits in with the classical model of Armenian social stratification, which is that women are rarely encountered at the highest and lowest levels of society, in terms of employment (not taking into account the very marginalized, where women can be found). Thus, female employment does not tend to determine the social status of the household; this is determined more by the employment of the male head of the household.

Conclusion

With the collapse of the Soviet system, there has been a collapse in economic activity above household level. The economy has contracted downwards, and individuals operate within restricted economic domains covering the household and the immediate network surrounding it. Most households do not engage in a wider economy, either as employees or as buyers or sellers

of goods and services. Far fewer households have members who are engaged in non-farm activities than in the Soviet era.

The types of non-farm activities which continue to exist nowadays in Armenian villages have changed. While during the Soviet era most non-farm activity took the form of employment by the State, often in rurally-located industries as well as in services including health, education and administration, nowadays the major form of economic activity outside farming is in business. There is very little industrial activity nowadays in Armenian villages.

Households which continue to have any significant involvement in non-farm activities, and particularly in those which are more lucrative and higher status, are those which are best-connected, utilizing both kin and ethnic networks and Soviet-era administrative networks. Involvement in non-farm activities tends to go hand-in-hand with relative wealth within the village. Possibilities for assistance in setting up and developing non-farm activities, including access to loans, are monopolized by those with better networks, and particularly by those *nomenklatura* who had official posts in the Soviet era, who continue to run those enterprises which have survived the economic collapse.

Villagers who do not have the most effective networks, and particularly those deriving from Soviet-era administrative positions, generally do not even attempt to benefit from what assistance is available, believing that those who have power will retain it. Minority groups like Yezedis and refugees from Azerbaijan are particularly disadvantaged and believe most strongly that it is not worth their making any effort to become involved in activities outside farming.

Although only a few households are involved in visible, and lucrative, non-farm activities, all are likely to be involved in very small scale relations with kin and neighbours, exchanging goods and services and selling or bartering small quantities of surplus produce. Where there is an urban market available, as there is near Yerevan, many households attempt to sell small quantities of surplus agricultural produce in town. This kind of small-scale sale and barter of goods and services, although hardly visible economically, is quite significant both in terms of generating tiny but vital amounts of cash and in terms of generating goodwill and ties with kin and neighbours which can be turned to in times of household crisis.

For most households, non-farm activity is not, nowadays, a distinct livelihood activity, which is separate from farming. It is, rather, part of a wide livelihood 'portfolio', which includes both farming and non-farm activities. In most households involved in non-farm activities, one or two members will be involved in such activities, while other members are involved in subsistence farming. It must be emphasised, however, that farming is still, for the vast majority of households, the major source of household livelihoods.

Most village inhabitants are quite unaware of what exists outside their villages and therefore of what kinds of non-farm activities they might develop and how to do this. This means that there is very little readiness to try anything new. Villagers have extremely limited awareness of what markets outside the village might require. There is a general unawareness of laws relating to non-farm activities and income in relation to tax or customs regulations. Even if they were willing to start an enterprise, and knew what to produce, there are very limited possibilities for getting financial support to start any non-farm activity within villages. What financial support is available by donors is monopolized by certain individuals within villages, who were part of the Soviet era administrative class or *nomenklatura* and who remain in control of the local economy.

The development of non-farm activities in Armenian villages at present is severely hampered by the general lack of economic activity in the country as a whole, and the difficulty of finding a market for anything produced, either within the village or outside it. Within the village, it is difficult for a market for goods and services to develop, since the culture places obstacles to charging kin for these. Outside the village, communications are very limited and it is difficult to

get goods to market. Finding a market outside Armenia itself is even more difficult, if not impossible, due to the blockade imposed by Azerbaijan and Turkey.

Emigration is currently sapping the vitality of Armenian villages, and is reducing the ability of rural households to take up such non-farm opportunities as do exist. The most able-bodied, as well as the most entrepreneurial individuals emigrate, rather than developing non-farm activities within their home villages. Those most likely to be able to adapt to the changing economic environment are least likely to remain and do so.

Recommendations

- ◆ The most important practical initiative at village level is to start businesses which can both provide employment and can, in many cases, also utilize local agricultural produce, thus enabling households to produce more for sale. In a number of cases, this actually means restarting businesses which existed, under State control, during the Soviet era. Particularly where this is not the case, this would need to be based on initial research to ensure that a market exists for what is produced, initially within Armenia, and that communication is adequate to transport it. It could be appropriate to partner the setting up of businesses in an area with the development of rural infrastructure to support it, particularly roads and communication.
- ◆ In particular, the following village-based enterprises are recommended for development:
 1. Processing of agricultural produce such as fruit (jams, fruit juices etc.), vegetables, meat, and milk-products
 2. Wool and leather production
 3. Carpet-making
 4. Wine production, particularly in Ararat marz
 5. Production of fruit-based spirits
 6. In the Syunik region, production of jams from berries and the processing of nuts to make nut butters
- ◆ Specific recommendations for the study villages are:
 1. For Hayanist village, the (re)-establishment of an enterprise to process vegetables, particularly tomatoes and peppers; this would provide villagers with both employment and a market for their produce
 2. For Shamiram, the establishment of an enterprise or enterprises to produce wool and leather goods;
 3. For Verishen, which has a land scarcity and a history of craftsmanship, an enterprise or enterprises processing stone and wood and producing finished stone and wood items
- ◆ In order to set up such businesses, grants should be made available for start-up costs and loans following this to enable businesses to purchase basic equipment and to get through the first few years.
- ◆ To address the lack of knowledge about how to set up a business, it is recommended that training and information services be provided within villages covering the following:
 - The market economy and how it works
 - Taxation and Custom Laws
 - On-going economic projects in Armenia and how to utilize assistance through these projects

- ◆ Attempts should be made to reach those outside the 'charmed circle' of those ex-*nomenklatura* who are already involved in entrepreneurial activities, and to encourage entrepreneurial talent outside this. It is particularly important to reach those who belong to minority groups – the Yezedis and refugees from Azerbaijan.

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